

## **Senate Bill No. 802**

### **CHAPTER 789**

An act relating to independent study, and making an appropriation therefor.

[Approved by Governor October 7, 1997. Filed  
with Secretary of State October 8, 1997.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

SB 802, Costa. Independent study apportionments.

Existing law authorizes the governing board of a school district or county office of education to offer independent study to meet the educational needs of pupils and provides a cap on the number of units of average daily attendance for independent study to be funded that reflects a specified pupil-teacher ratio. Existing law requires each county superintendent of schools to provide for an audit of all funds under his or her jurisdiction, as specified. Not later than December 15 of each year, a report of each audit for the preceding fiscal year is required to be filed with the county superintendent of schools in which the school district is located, the State Department of Education, and the Controller. The Superintendent of Public Instruction is required to make any adjustments necessary in future apportionments of state funds to correct any audit exceptions contained in an audit of a school district under his or her jurisdiction and to take specified corrective action. The county superintendent of schools is required to identify by school district any attendance-related audit exceptions that had a fiscal impact on state funds, as specified.

This bill would require the Carruthers Union High School District, the Coalinga/Huron Joint Unified School District, the Dos Palos-Oro Loma Joint Unified School District, the Fowler Unified School District, the Kerman Unified School District, the Laton Joint Unified School District, the Mendota Unified School District, the Parlier Unified School District, the Reef-Sunset Unified School District, and the Selma Unified School District to pay specified fiscal assessments for audit exceptions with respect to independent study apportionments made to those school districts. This bill would provide for these school districts that the Fiscal Crisis and Management Team (FCMAT) shall audit the school district's reports of adult education average daily attendance when requested to do so by the governing board of the school district, and would appropriate \$200,000 without regard to fiscal year to FCMAT to do any requested audits. This bill would only apply to a school district that has assigned all of its rights to the State of California against all 3rd-party

consultants who received any portion of the independent study apportionments made to that school district for each of the 1990–91, 1991–92, 1992–93, 1993–94, and 1994–95 fiscal years. The fiscal assessment would be repaid over a period of not less than 4 years nor more than 8 years to be determined for each school district subject to these provisions by the controller, in consultation with the State Department of Education and the Department of Finance. Commencing with the 1997–98 fiscal year, the fiscal assessment would be repaid with interest, as specified.

This bill would provide that the repayment of those fiscal assessments shall be deemed to settle all claims that may arise from audit exceptions for those school districts for the 1990–91, 1991–92, 1992–93, 1993–94, and 1994–95 fiscal years with respect to the use of state funds allocated to those school districts from those fiscal years for the purposes of independent study.

This bill would require the appropriation in this bill to be included in the amount appropriated by the state in the 1997–98 fiscal year for the purpose of meeting the state’s minimum funding obligation to school districts and community college districts under Section 8 of Article XVI of the California Constitution for that fiscal year.

This bill would make a declaration of unique circumstances in that regard.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. (a) Notwithstanding Sections 41020 and 51747 of the Education Code or any other provision of law, the school districts specified in subdivision (f) shall be required to pay a fiscal assessment as specified in subdivision (f) with respect to independent study offered pursuant to Article 5.5 (commencing with Section 51745) of Chapter 5 of Part 28 of the Education Code.

(b) This section is only applicable to a school district specified in subdivision (f) when the school district has assigned to the State of California all of its rights against all third-party consultants who received any portion of the independent study apportionments made to the school district for each of the 1990–91, 1991–92, 1992–93, 1993–94, and 1994–95 fiscal years.

(c) Notwithstanding Section 52616.17 of the Education Code the number of units of adult education average daily attendance eligible for fiscal apportionment for the school districts specified in subdivision (f) for the 1997–98 fiscal year shall be equal to 31 units of adult education average daily attendance, except that the Dos Palos-Oro Loma Joint Unified School District shall be eligible for funding for 57 units of adult education average daily attendance and the Selma Unified School District shall be eligible for funding for 48 units of adult education average daily attendance.



(d) Each fiscal assessment pursuant to subdivision (e) or (f) shall be paid over a period to be determined for each school district by the Controller, in consultation with the Department of Finance and the State Department of Education, provided that no school district shall have less than four years nor more than eight years to complete the payment. The payment schedule for subdivision (e) shall be determined within 30 days following FCMAT's final audit report. The payment schedule for subdivision (f) shall be determined by April 1, 1998. This subdivision does not preclude a school district from paying any portion of the assessment prior to the payment dates agreed to by the Controller. Commencing in the 1998–99 fiscal year, the outstanding amount of the fiscal assessment determined pursuant to this section shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account.

(e) Each school district specified in subdivision (f) may notify the Controller, not later than 60 days following the effective date of this act, that the governing board of the school district has taken action to request that an audit of the school district's reports of adult education average daily attendance for the 1995–96 and 1996–97 fiscal years be performed by the Fiscal Crisis and Management Assistance Team (FCMAT), in which case all of the following provisions shall apply:

(1) FCMAT shall perform an audit of the school district's reports of adult education average daily attendance for the 1995–96 and 1996–97 fiscal years, using for this purpose an audit program developed by FCMAT in consultation with the State Department of Education and approved by the Department of Finance. Consistent with generally accepted auditing standards, FCMAT shall provide each audited school district with 30 days to review, and comment upon, a draft audit report, after which time, consistent with current law, the audit report shall be deemed to be final and shall be enforced by the Controller. Each final audit report shall provide a separate schedule for each audited year that shall include, at a minimum, the school district's reported adult education average daily attendance, the district's legally compliant adult education average daily attendance as determined by the audit, the school district's total actual income received for the fiscal year on account of adult education average daily attendance as reported to the state, and the school district's total income on behalf of adult education average daily attendance when the adult education average daily attendance reported to the state is adjusted by the auditor to reflect only legally compliant average daily attendance.

(2) Notwithstanding subdivision (c), the number of units of average daily attendance for which the school district is eligible to receive fiscal apportionment for the 1997–98 fiscal year pursuant to Section 52616.17 shall be equal to the number of units of legally

compliant adult education average daily attendance for the 1996–97 fiscal year, as determined by the audit specified in paragraph (1).

(3) Notwithstanding any other provision of this section, if the auditor conducting the audit pursuant to paragraph (1) determines that a school district's legally compliant adult education average daily attendance for the 1995–96 fiscal year or the 1996–97 fiscal year, or both, was lower than the school district's reported adult education average daily attendance for the same years, then the auditor shall perform, and report in the final audit report, the following calculations:

(A) Determine the school district's total actual income from all sources attributable to the district's reported adult education average daily attendance for the 1995–96 and the 1996–97 fiscal years.

(B) Subtract from the amount determined in subparagraph (A) the sum of the income that the school district would have received from all sources on behalf of adult education average daily attendance if the school district had reported only valid adult education average daily attendance, as determined by the audit specified in paragraph (1), for the 1995–96 and the 1996–97 fiscal years.

(C) Add to the sum determined in subparagraph (B) the applicable amount shown for the district in the following schedule:

(i)	Carruthers Union High School District .....	\$ 366,153
(ii)	Coalinga/Huron Joint Unified School District .....	\$ 420,277
(iii)	Dos Palos–Oro Loma Joint Unified School District .....	\$ 45,598
(iv)	Fowler Unified School District .....	\$ 270,562
(v)	Kerman Unified School District .....	\$1,125,982
(vi)	Laton Joint Unified School District .....	\$ 112,218
(vii)	Mendota Unified School District .....	\$ 120,976
(viii)	Parlier Unified School District .....	\$ 610,371
(ix)	Reef–Sunset Unified School District .....	\$ 44,478
(x)	Selma Unified School District .....	\$ 692,793

(4) The amount determined in subparagraph (C) of paragraph (3) shall be the school district's total liability for purposes of payment to the state pursuant to this section, and the payment amount specified for the school district in subdivision (f) shall not apply.

(f) The following school districts are subject to the fiscal assessment required by this section, as specified:

(1)	Carruthers Union High School District .....	\$ 422,108
(2)	Coalinga/Huron Joint Unified School District .....	\$ 420,277
(3)	Dos Palos–Oro Loma Joint Unified School District .....	\$ 266,588
(4)	Fowler Unified School District .....	\$ 270,562
(5)	Kerman Unified School District .....	\$1,228,107
(6)	Laton Joint Unified School District .....	\$ 112,218
(7)	Mendota Unified School District .....	\$ 120,976
(8)	Parlier Unified School District .....	\$ 653,805
(9)	Reef–Sunset Unified School District .....	\$ 44,478
(10)	Selma Unified School District .....	\$1,139,418

(g) Full payment to the state by a school district of the fiscal assessment determined pursuant to this section, and compliance with all other conditions of this section, shall be deemed to settle all claims that may arise from audit exceptions for that school district for the 1990–91, 1991–92, 1992–93, 1993–94, 1994–95, 1995–96, and 1996–97 fiscal years with respect to the use of state funds allocated to that school district for those fiscal years for the purposes of independent study offered pursuant to Article 5.5 (commencing with Section 51745) of Chapter 5 of Part 28 of the Education Code and adult education offered pursuant to Article 1 (commencing with Section 52500) of Chapter 10 of Part 28 of the Education Code.

(h) The Controller shall withhold from each school district’s principal apportionments the amounts scheduled for payment pursuant to subdivision (d) of this section, in payment for the liability established pursuant to subdivision (e) or (f), whichever is applicable. The Controller shall make any necessary fiscal quantification of findings of noncompliance for each audit conducted pursuant to subdivision (e).

SEC. 2. (a) The sum of two hundred thousand dollars (\$200,000) is hereby appropriated without regard to fiscal year to the county office of education that operates the county office Fiscal Crisis and Management Assistance Team pursuant to subdivision (a) of Section 42127.8 of the Education Code for the purpose of implementing subdivision (e) of Section 1 of this act.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school district,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 1997–98 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision

(e) of Section 41202 of the Education Code, for the 1997–98 fiscal year.

SEC. 3. The Legislature finds and declares that due to the unique circumstances described in Section 1 of this act regarding the school districts identified in that section, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution.

